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Malaysia

Oilseeds and Products

Update (December)

2008

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose marginally to 1.7 MMT in November. The palms are showing signs of biological stress. A bigger carry-in stock and an increase in PO imports resulted in a record level of 2.3 MMT at the end of November. However, the strong export performance and an expected reduction in CPO output in December should reduce carry-out stock to 1.5 MMT at the end of December. CPO prices rose during the first half of December in response to the surge in overseas demand.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Kuala Lumpur [MY1]
[MY]

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Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production increased marginally by 0.4 percent to 1.7 MMT in November 2008. Peninsular Malaysia's production rose 3.7 percent while East Malaysia's output was down by the same percentage. Compared to November 2007, output during November 2008 was half a percent higher. During the Oct-Dec quarter, the palms are showing definite signs of slowing down after twelve months of very strong growth from Oct 2007 to Sep 2008. Post now estimates CPO output to reach 4.7 MMT during the Oct-Dec quarter, bringing total output to 17.7 MMT for the whole calendar year of 2008.

Price

On the strength of stronger overseas demand for palm oil, local delivered CPO was traded between RM1,450 to RM1,618/MT during the first half of the month of December. Announcement of a record level of PO stock at the beginning of December dampened somewhat on the scintillating export performance during the first half of December. The fact that CPO prices have not dropped to RM1,200/MT as predicted even as crude petroleum fell below US\$50 a barrel shows that CPO has returned to stability. Overall, the monthly average delivered CPO price increased from RM1,528/MT in November to RM1,555/MT during the first half of December. For comparison, the average CPO price for December 2007 was RM2,956/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also increased from RM483/MT in November to RM485/MT during the first half of December.

Stocks

A bigger carry-in stock and an increase in PO imports from Indonesia resulted in an increase in carryout stocks to a record level of 2.3 MMT at the end of November. With an expected decrease in CPO output in November-December and a surge in exports in December, Post still expects the stock level to drop to the 1.5 MMT level by the end of December.

Trade

A preliminary official report shows PO exports rose 1.1 percent to 1.4 MMT in November. Cargo surveyor Intertek testing Services reported Malaysian palm oil exports jumped 39.3 percent to 869 TMT during December 1 – 15 compared to 623.5 TMT during November 1 – 15.

Exchange Rate: RM3.666 (Nov 30, 2008); RM3.563 (Dec 15, 2008)

Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY8010)
<http://www.fas.usda.gov/gainfiles/200803/146294081.doc>
Oilseeds & Products Update (AGR Number MY8039)
<http://www.fas.usda.gov/gainfiles/200810/146306281.doc>

Annual Situation

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY8039

	Revised 2006/07	Prelim 2007/08	Forecast 2008/09
(1,000 MT)			
Beg Stock	1,800	1,463	1,949
Production	15,292	17,565	17,200
Imports	265	408	400
Total Supply	17,357	19,436	19,549
Exports	13,703	15,011	15,060
Domestic Use	2,191	2,476	2,789
Ending Stock	1,463	1,949	1,700

Quarterly Production for Palm Oil

	2007 1/	2008 1/	2007 1/	2008 2/
	Jul-Sep	Jul-Sep	Oct-Dec	Oct-Dec
(1,000 MT)				
Beg Stocks 3/	1,200	2,034	1,463	1951
Prod- Pen. Mal	2,522	2,709	2,524	2,656
- East Mal	1,996	2,029	2,102	2,084
- Total	4,518	4,738	4,626	4,740
Imports	65	68	53	174
Total Supply	5,783	6,840	6,142	6,865
Exports 4/	3,735	4,160	3,930	4,685
Dom Disap 5/	585	729	530	680
End Stocks	1,463	1,951	1,682	1,500

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ Residual

Production

	2007	2007	2008	2008	2008	2008
	Nov	Jan-Nov	Sep 1/	Oct 1/	Nov	Jan-Nov
CPO:						
Pen. Malaysia	909	7,884	877	906	940	9,293
East Malaysia	741	6,542	703	746	718	6,958
- Total /1	1,650	14,426	1,580	1,652	1,658	16,251
Palm Kernel: Malaysia	424	3,733	403	425	431	4,191
Palm Kernel Oil: Malaysia	192	1,724	189	179	202	1,934
Palm Kernel Meal: Malaysia	217	1,946	208	198	224	2,140

1/ Revised

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Nov 2007	2,965	925	937	875
Dec	2,956	925	931	880
Jan 2008	3,221	1,030	1,037	973
Feb	3,515	1,141	1,130	1,046
Mar	3,695	1,317	1,322	1,150
Apr	3,423	1,255	1,257	1,040
May	3,513	1,219	1,243	998
Jun	3,595	1,184	1,234	977
Jul	3,455	1,153	1,183	950
Aug	2,674	878	916	715
Sep	2,350	743	768	598
Oct 2/	1,752	538	580	422
Nov 2/	1,528	483	512	347
Dec (till 12)	1,555	485	518	336

1/ Prices are for West Malaysia only (since October 2006),

2/ Revised

Exchange Rate: RM3.666 (Nov 30, 2008); RM3.563 (Dec 15, 2008)

Stocks

	2007	2008	2008	2008	2008
	Nov	Aug	Sep 1/	Oct 1/	Nov
(1,000 MT)					
Crude P. Oil	977	1,019	1,090	1,226	1,426
Processed PO	833	829	861	865	840
- Total PO	1,810	1,848	1,951	2,091	2,266
Palm Kernel	198	156	157	187	179
P. Kernel Oil	253	300	303	326	365

1/ Revised